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ABSTRACT

This report examines the Buy American provision of the Commodity Distribution Reform Act and the Special Supplemental Food Program for Women, Infants, and Children of 1978. The compliance of school districts participating in the National School Lunch Program, the number of waivers from the Buy American provision granted by the Secretary of Agriculture, and the circumstances necessitating the waivers are among the topics discussed. Findings indicate monitoring of compliance has been limited. Neither the Food and Nutrition Service nor the states visited monitor commodity school district purchases to ensure that the Buy American requirement is met. The report is divided into five appendices: (1) objectives, scope, and methodology; (2) federal efforts to implement and monitor the Buy American requirement; (3) state efforts to implement and monitor the Buy American requirement; (4) commodity school districts' efforts to implement and monitor the Buy American requirement; and (5) major contributors to this report. (SI)

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Report to Congressional Requesters

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September 1989

SCHOOL LUNCH PROGRAM

Buy American Procedures at Commodity Schools

EA 021 480

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Resources, Community, and
Economic Development Division

B-222207

September 26, 1989

The Honorable William D. Ford
Committee on Education and Labor
House of Representatives

The Honorable William F. Goodling
Ranking Minority Member
Committee on Education and Labor
House of Representatives

On March 10, 1989, you asked us to determine (1) whether the "Buy American" provision of the Commodity Distribution Reform Act and WIC Amendments of 1987 (P.L. 100-237, Jan. 8, 1988)[1] was being complied with by school districts participating in the National School Lunch Program, (2) the number of waivers from the Buy American provision granted by the Secretary of Agriculture, and (3) the circumstances necessitating the waivers.

In general, Buy American provides that the Secretary of Agriculture require recipient agencies, including school districts, to use federal funds to purchase food products that are produced only in the United States, whenever possible. In subsequent discussions with your offices, we agreed to provide you with information on implementing and monitoring procedures, including waivers, for the Buy American provision at the U.S. Department of Agriculture's (USDA) Food and Nutrition Service headquarters and three of its regions, four selected states (Indiana, Ohio, Kentucky, and West Virginia), and four selected school districts[2] that receive federal cash subsidies and donated commodities from USDA (one in each of the four states).[3]

[1]The Special Supplemental Food Program for Women, Infants, and Children (WIC).

[2]For the purpose of this report, a school district receiving federal cash subsidies and donated commodities will be called a commodity school district. There are two types of donated commodities—entitlements and bonuses—that USDA provides to schools. Entitlement commodities are donated foods for each reimbursable school meal served. Bonus commodities are subject to availability and can be requested by schools in amounts up to what can be used without waste.

[3]In this report, we address the Buy American provision as it applies to the use of federal funds received by school districts that receive both federal cash subsidies and donated commodities. In our August 9, 1989, report, School Lunch Program: Buy American Procedures at Schools With Cash or Credit in Lieu of Food (GAO/RCED-89-183), we addressed the Buy American provision as it applies to school districts that received federal funds or commodity letters of credit instead of the entitlement portion of donated commodities.

Results in Brief

Generally, the Food and Nutrition Service and two of the four states that we visited have implemented the Buy American requirement, but monitoring of compliance has been limited—the Service and the states have not done any, but some of the school districts have inspected delivered food items. State officials in Indiana and West Virginia told us that they advised their school districts of the Buy American requirement as implemented by the Service in an interim rule on July 21, 1988.[4] Kentucky and Ohio did not take any special action to implement the interim rule.

School officials at two of the four school districts—in Kentucky and West Virginia—that receive USDA commodities were aware of the requirement. The officials told us that they had already taken action requiring suppliers to deliver domestic products for some items, such as meat and canned foods, before the Buy American provision was enacted. They did not, however, extend these requirements to other items after the provision was enacted because they did not have the interim rule to determine the extent of the requirement. In addition, according to these officials, they periodically inspected products delivered to determine whether purchase requirements were being met.[5] According to school officials in Indiana and Ohio, they were not aware of the new requirement.

Neither the Service nor the states we visited monitor commodity school district purchases to ensure that the Buy American requirement is met. Service officials told us that they have assigned monitoring responsibilities to the states and that the states needed time to implement a monitoring system. Although the law and the interim rule permit waivers from the Buy American requirement, neither the Service nor the states had received waiver requests from any of the school districts.

Background

Over 15,000 school districts participate in USDA's National School Lunch Program. Most school districts receive cash subsidies and agricultural

[4]The interim rule, published under Rules and Regulations in the Federal Register, July 21, 1988, amended existing program regulations. An interim rule is a regulation that is in effect for a temporary period until a final regulation is published. Agencies issue interim rules when they believe good cause exists to dispense with the required notice and comment period under the Administrative Procedures Act. Generally, interim rules invite public comments that are analyzed and incorporated into final regulations. In this case, USDA believed good cause existed because the Buy American provisions became effective upon passage of P.L. 100-237. The interim rule contains a procedure for carrying out the Buy American requirement.

[5]Section 304 of the Tariff Act of 1930 (19 U.S.C. 1304) requires imported articles to be marked with the country of origin. The law allows school district officials to inspect product labels.

commodities purchased by USDA under price support and surplus removal programs. A few, however, receive additional subsidies in lieu of some commodities (see footnote 3). The cash subsidies can be used to purchase food and related items such as food-processing equipment.

Public Law 100-237 included a Buy American provision that applies to all school districts participating in the National School Lunch Program. Alaska and Hawaii, and designated U.S. territories are exempt from the requirement. In addition, the act permits the Secretary to grant waivers for certain circumstances, such as for ethnic preferences.

Steps Taken to Implement the New Buy American Requirement

The interim rule, published in the July 21, 1988, Federal Register, specifies that the Buy American requirement applies only to purchases made with federal funds, but it also encourages school districts to purchase food products that are produced in the United States regardless of the funding source. The rule also changed the definition of a U.S.-produced product under the purchasing requirement as an unmanufactured food product produced in the United States or as a food product manufactured in the United States irrespective of where the ingredients were produced. Prior to Public Law 100-237, the Buy American Act (41 U.S.C. 10) and Executive Order 10582, dated December 17, 1954, required federal agencies to purchase only "domestic end products" for public use in most instances. A domestic end product was defined generally in a USDA publication as an unmanufactured food product produced in the United States or a product manufactured in the United States if the cost of its components produced in the United States exceeds 50 percent of the product's total cost. Although Public Law 100-237 and the interim rule permit waivers by school districts from the Buy American requirements, neither the Service nor the states had received any waiver requests.

The Service's offices that we visited in the Southeast, Mid-Atlantic, and Midwest regions informed their states of the interim rule during July and August 1988 by letters and telephone calls. State officials in Indiana, Kentucky, West Virginia, and Ohio were aware of the rule.[6] The regional offices also included the Buy American topic on their agenda for meetings with state officials during November and December 1988. Although the regional Service officials could not provide records of the topics actually discussed at those meetings, Indiana, Kentucky, and West

[6]Indiana and Ohio are located in the Service's Midwest region; West Virginia is located in the Mid-Atlantic region; Kentucky is located in the Southeast region.

Virginia officials we talked with recalled the Buy American discussions. Ohio officials did not attend the Midwest region's meetings.

According to state officials in Indiana and West Virginia, they advised all of their school districts of the Buy American provision. The Indiana official told us that he included Buy American provisions in meetings with school district officials during August 1988 and placed an article in the state's August 1989 monthly letter to schools concerning the provision. The West Virginia official provided us with an agenda that included the Buy American provision for a meeting with school district officials in September 1988. The state officials, however, could not provide records of the topics actually discussed at their meetings with school district officials. The Indiana school district official told us that he attended a state meeting, but he did not recall the Buy American requirement as one of the topics discussed. The West Virginia school district official, however, told us that she recalled the discussions at the meeting in her state. Although state officials in Kentucky and Ohio did not take any special action to implement the interim rule, they told us that they have always encouraged school districts to buy domestically produced food items during their periodic meetings with school district officials.

The school district officials in Indiana and Ohio were not aware of the Buy American requirement. Although Kentucky and West Virginia school district officials were aware of the requirement, they did not recall receiving a copy of the law or interim rule. The Kentucky school district official, however, has included a requirement in the district's purchase bid documents for several years that specifies "domestic meat products only." The West Virginia school district official included a requirement in purchase bid solicitation documents that states that, with certain exceptions, products canned or packed outside the United States will not be accepted.

Limited Monitoring Made of School District Purchases

The Service and state officials have not monitored school district food purchases at the commodity school districts to ensure that the Buy American requirements have been met. According to Service officials at the three regional offices and officials at the four state offices, no specific requirements exist for their offices to monitor the origin of school districts' purchases of food products. Although an official at one of the regional offices told us that sufficient time had not elapsed to implement

a monitoring system to ensure compliance with the Buy American provision, officials in two other regional offices told us that they planned to include this topic in their periodic reviews of selected states' operations.

Our discussions of monitoring criteria with Service and state officials disclosed different views about the classification of funds used by the school districts to pay for food purchases. Some officials considered the monies used by the school districts to be federal funds because the Service had reimbursed the states and school districts for specific amounts for meals served. Other officials considered the monies paid by the school districts for food to be nonfederal funds because they were reimbursements for payments made from school district funds. Service officials told us that they recognized that additional guidance on the Buy American requirement must be provided.

Two of the four school districts—in Kentucky and West Virginia—periodically inspected product deliveries and labels to help ensure that foreign products were not being delivered. According to officials at these two school districts, they would refuse or return foreign products to suppliers if the item was identified as foreign before use. School district officials at both schools told us that they had required suppliers to pick up products of foreign origin. The two other school districts—in Indiana and Ohio—which were not aware of the Buy American requirement, did not monitor purchases or deliveries.

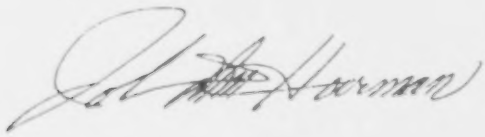
Appendixes II, III, and IV provide more specific information on the implementation and monitoring actions taken by the Service headquarters and regions, the four states, and the four school districts we visited.

To conduct our review, we obtained documents and interviewed officials at Service headquarters and its Mid-Atlantic, Midwest, and Southeast regions; Indiana, Kentucky, Ohio, and West Virginia officials; and school lunch program administrators at four school districts: Bluffton-Harrison Metropolitan School District, Bluffton, Indiana; McCracken County School District, Paducah, Kentucky; Middletown City School District, Middletown, Ohio; and Raleigh County School District, Glen Morgan, West Virginia. In addition, we contacted some of the school district food suppliers to confirm statements the school district officials made. Details of our objectives, scope, and methodology are presented in appendix I.

As requested, we did not obtain written agency comments on a draft of this report.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time we will send copies to the Secretary of Agriculture and other interested parties.

If you have any questions regarding this report, please contact me at (202) 275-5138. Major contributors to this report are listed in appendix V.



John W. Harman
Director, Food and
Agriculture Issues

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Abbreviations

NSLP	National School Lunch Program
USDA	U.S. Department of Agriculture
WIC	The Special Supplemental Food Program for Women, infants, and Children

Objectives, Scope, and Methodology

The more than 15,000 school districts participating in the National School Lunch Program (NSLP) are entitled to receive cash subsidies and donated agricultural commodities purchased by the U.S. Department of Agriculture (USDA) under price support and surplus removal programs. The Commodity Distribution Reform Act and WIC Amendments of 1987 (P.L. 100-237) included a "Buy American Provision" that applies to all school districts under the NSLP. The act states that the Secretary of Agriculture "shall require that recipient agencies purchase, whenever possible, only food products that are produced in the United States." The act specifies some exceptions and permits the Secretary to grant waivers.

On March 10, 1989, the Ranking Member and Ranking Minority Member, House Committee on Education and Labor, requested that we review USDA's commodity school districts to determine whether (1) the Buy American statutory requirement was being complied with, (2) the number of waivers granted by the Secretary of Agriculture, and (3) the circumstances necessitating the waivers.

Our objectives, as agreed to during subsequent discussions with the requesters' offices, were to provide information on implementing and monitoring procedures for the Buy American provision by USDA's Food and Nutrition Service and three of its regions, four selected states, and four selected school districts that receive cash subsidies and donated commodities. As agreed, our review was limited to these locations because of time constraints. Consequently, the information we obtained does not necessarily represent activities in other Service regions, states, or school districts not included in our review.

We judgmentally selected one school district in each of the four states—Indiana, Kentucky, Ohio, and West Virginia. These locations allowed us to review the procedures and processes used by three of the seven Food and Nutrition Service regional offices, four states, and four commodity school districts. We interviewed the following officials to ascertain the implementation and monitoring actions their offices took:

- Food Nutrition Service headquarters officials responsible for the National School Lunch Program.
- Service officials in the Mid-Atlantic Regional Office (Trenton, New Jersey); the Midwest Regional Office (Chicago, Illinois); and the Southeast Regional Office (Atlanta, Georgia).
- Cognizant officials in the states of Indiana, Kentucky, Ohio, and West Virginia.

We also interviewed officials of the following school districts:

- Bluffton-Harrison Metropolitan School District, Bluffton, Indiana.
- McCracken County School District, Paducah, Kentucky.
- Middletown City School District, Middletown, Ohio.
- Raleigh County School District, Glen Morgan, West Virginia.

In addition, we (1) interviewed selected food suppliers for two of the four school districts and (2) reviewed supporting records provided by officials during our interviews. As requested, we did not obtain written agency comments on a draft of this report.

Federal Efforts to Implement and Monitor the Buy American Requirement

The Food and Nutrition Service published an interim rule to implement the Buy American provision of Public Law 100-237. The three regional Service offices that we visited provided copies of correspondence transmitting the interim rule to the states and meeting agendas that included the Buy American topic for discussion in meetings to be held with state officials. The states under the Service's Mid-Atlantic and Midwest regional offices that we visited had received the rule. The official in the state under the Southeast regional office did not recall receiving the rule. The Service and state officials that we talked to said they had not received any requests for waivers from the Buy American requirement.

Service officials we interviewed said they have not established or implemented procedures to monitor the purchases that commodity school districts made to ensure compliance with the Buy American provision, and they recognize a need for more specific guidance for the states and school districts. The officials told us that determining the country of origin is often difficult, thereby making monitoring for foreign purchases difficult as well. Service headquarters officials recognize that there are different views about the classification (federal or nonfederal) of funds used by school districts for food purchases that must be resolved to uniformly implement the requirement; however, they have proposed that regional offices include the Buy American requirement in management reviews of state operations.

Buy American Requirement Established by Service

Prior to Public Law 100-237, the Buy American Act (41 U.S.C. 10) and Executive Order 10582, dated December 17, 1954, required federal agencies to purchase only domestic end products in most instances. Domestic end products had been defined generally by USDA as either an unmanufactured food product produced in the United States or a product manufactured in the United States if the cost of its components produced in the United States exceeded 50 percent of the product's total cost. Service officials told us that they have encouraged school districts to purchase domestically produced agricultural commodities for many years. The officials also provided us with a USDA instruction, dated July 14, 1969, which showed that state educational agencies and schools had been requested to use domestic food to the maximum extent possible as a means of fulfilling the congressional intent of assisting the nation's economy and of promoting the marketing of American-produced foods.

After the Congress passed Public Law 100-237, dated January 8, 1988, the Service issued an interim rule in the Federal Register on July 21, 1988, citing the Buy American provision of the new law and replacing

the earlier instruction. The interim rule, which refers to statements in the legislative history of the law, states that the Buy American requirement is to be applicable only to purchases made with federal funds. The rule, however, encourages school districts to purchase food products that are produced in the United States regardless of the funding source. These products are defined as unmanufactured food products produced in the United States or as food products manufactured in the United States irrespective of where the ingredients were produced. For example, pizza manufactured and packaged in the United States with imported spices and tomato paste would be defined as a domestic product. The interim rule states that the definition of food products produced in the United States eliminates the need for recipient agencies, including school districts, to determine if the ingredients in a product were produced in the United States.

Regions' Actions to Implement the New Buy American Requirement

The Service's Mid-Atlantic, Midwest, and Southeast regional offices informed the state offices within their regional boundaries of the interim rule's requirements soon after its issuance and included the Buy American requirement on their agenda of meetings with state officials.

The Mid-Atlantic regional office sent a letter, dated July 26, 1988, to state offices in its region highlighting the changes in the Buy American requirement made by the interim rule. The regional staff also included the Buy American requirement on the agenda for their November 1988 meeting with the state school district officials within their region, which included West Virginia, but they could not provide a record of the discussions. (West Virginia state officials told us that they recalled a discussion of the Buy American provisions, but because many topics were discussed at the meeting, they did not recall the extent of the discussion.) According to the regional officials, for several years they have encouraged the states to purchase products produced in their respective states to promote the use of domestic foods. As an example, the officials showed us a letter that was sent to Virginia state officials in March 1989 suggesting that the state promote Virginia home grown food products in the school districts during agriculture week.

A Midwest regional official told us that she informed the state offices in her region of the interim rule's requirements soon after it was received and that she discussed rule changes with state officials by telephone. The state officials in both Indiana and Ohio told us that they had received the interim rule. In addition, a Midwest official provided us with meeting agendas that showed that the Buy American requirements

had been scheduled for discussion with all the state officials within its region at meetings in May and December 1988. Regional officials, however, could not provide us with a record of the topics actually discussed at those meetings, but the Indiana official that we talked to recalled the discussions about the Buy American provision. Ohio officials did not attend those meetings.

The Southeast regional office attached the interim rule to a letter, dated August 4, 1988, that was sent to the state offices in its region. The letter stated that the interim rule amended regulations, including provisions relating to the purchase of domestically produced products, and requested the addressees to submit comments on the new requirements. The state official from Kentucky, however, did not recall receiving the interim rule. Regional officials also placed regulation revisions, including the Buy American provision, on the agenda for its November 1988 meeting with state officials. Although the regional officials could not provide us with a record of the topics actually discussed at the meeting, the Kentucky official who attended the meeting recalled some limited discussions about regulation changes.

Some Limited Monitoring of the Buy American Provision Is Being Planned

According to Service headquarters officials, the Service has not monitored the implementation of the Buy American requirement by its regional offices, the states, or the commodity school districts. Service officials said that they have assigned responsibility for monitoring school districts' compliance with program requirements to the states to reduce federal involvement in the operations of state and local school lunch programs. Regional Service officials also told us that the states needed more time than has elapsed since the interim rule was issued to establish and implement monitoring requirements for the Buy America provision. According to officials at the three regional Service offices and the four state offices, no specific requirements or guidance exist for their offices to monitor school districts' purchases of food products. The Service's regulations permit federal reimbursements to be commingled with other school lunch program monies, and a method had not been developed for actually determining whether or not federal funds, per se, have been used to purchase foreign items.

In discussing monitoring criteria with Service and state officials, we found that they had differing views about the classifications of funds used by the school districts to pay for food purchases. Some Service, state, and school district officials considered the monies used by the school districts to be federal funds because the Service had reimbursed

the states and school districts for specific amounts for meals served. Other officials considered the monies paid by the school districts to be nonfederal funds because they were reimbursements for payments made from school district funds. Other officials told us they did not know, but they considered the school district's purchases subject to the Buy American provision. Service officials told us that they recognize a need exists to provide further guidance for demonstrating compliance with the Buy American provision of Public Law 100-237, and that they plan to revise the interim rule as soon as possible.

Mid-Atlantic, Midwest, and Southeast regional officials told us that they had not monitored the implementation of the Buy American requirement at any of the school districts in their region or identified what action states are taking to monitor such implementation at school districts. The current regulations require the states to review school district lunch operations, but the regulations (7 C.F.R. 210) do not require the states to cover the Buy American requirement.

The regional offices perform management evaluations to annually review how selected states are carrying out various Service directives. The Service sent a draft of its Coordinated Management Evaluation Guidance for State Agency Operations to its regional offices for comment. The draft provided steps for the regional offices to use in reviewing states' actions to implement the Buy American requirement. As a result, regional offices have been encouraged to include the Buy American requirement in management reviews of state operations. In this respect:

- Mid-Atlantic regional officials revised their management evaluation review guidance in February 1989 to include a review step to determine if the states had informed the school districts of the Buy American requirement.
- Midwest regional officials told us that they would include the Buy American requirement in their management evaluation reviews of states if Service headquarters specifically required it. The Service has proposed to include this topic in the regional reviews of state operations; however, it has not been designated a priority item for inclusion in regional evaluation plans by Service headquarters.
- Southeast regional officials told us that they have not reviewed the states' implementation of the Buy American provision in their management evaluation reviews because it has not been considered a priority item. They planned, however, to include this requirement in their review of one state during August 1989. A Southeast regional official, however,

told us that sufficient time had not elapsed since the establishment of the new Buy American provision to implement a monitoring system to ensure compliance.

Regional officials pointed out that current program review requirements assigned to the regions and the states were extensive and that the Buy American requirement may not be as high a priority as other issues involving program operations.

State Efforts to Implement and Monitor the Buy American Requirement

Cognizant state officials in Indiana and West Virginia told us that they informed school districts of the Buy American requirements of Public Law 100-237, and the officials included food purchasing topics on their agenda for meetings with local school district officials. According to Kentucky and Ohio state officials, they did not specifically advise school districts of the Public Law 100-237 requirement, but they have encouraged school districts to buy domestic products for several years. (The school district officials that we visited in Kentucky and West Virginia were aware of the requirement. The Indiana and Ohio school district officials told us that they were unaware of the new requirement. See app. IV.) Officials in all four states told us that they have not received requests for waivers from the requirement from school districts nor monitored purchases made by school districts to ensure that the Buy American requirement was met.

States' Implementation of the New Buy American Requirement

State officials in Indiana and West Virginia told us that they advised all of their school districts of the Buy American provision and included discussions about purchasing sources in their meetings with school district officials. Officials in West Virginia sent a letter, dated March 21, 1988, to advise the school districts in the state of the new Buy American requirement. The Assistant Secretary of Agriculture's January 13, 1988, speech covering the new Buy American requirement was attached to the letter. Indiana officials prepared an article on Buy American provisions for publication in the state's August 1989 "Monthly Monitor," which was sent to all school districts.

Indiana and West Virginia officials provided us with meeting agendas showing that food purchasing topics were included in state meetings and workshops with the school districts. The Indiana official told us that he included Buy American provisions in meetings with school district officials at five locations during August 1988. The West Virginia official provided us with an agenda that included the Buy American provision for a meeting with school district officials in September 1987. State officials, however, could not provide records of the topics actually discussed at their meetings with school district officials. The Indiana school district official whom we talked with did not recall a discussion of the requirements; however, the West Virginia school district official told us that she recalled the discussions at her meeting.

Kentucky and Ohio officials told us that they did not provide the interim rule to school districts. Officials in both states, however, told us that

they have always encouraged school districts to buy domestically produced food items during their periodic meetings with school district officials. They could not, however, confirm their coverage of this subject with records of those meetings. (The Kentucky school district confirmed the state's emphasis on buying domestic products; the Ohio school district did not.)

States Have Not Monitored School Districts' Purchases

Officials in the four states we visited told us that they had not monitored the implementation of the Buy American requirement by school district. In addition, they did not consider their offices responsible for making management reviews at the school districts to determine if the Buy American requirement was met because the federal regulations do not require such reviews. Service officials told us that they now recognize a need exists to provide guidance to the states for implementing and demonstrating compliance with the Buy American provision of Public Law 100-237.

Commodity School Districts' Efforts to Implement and Monitor the Buy American Requirement

Officials at two of the four commodity school districts that we visited were aware of the Buy American requirement. They had advised suppliers that for some items only domestic products would be accepted for delivery, but this requirement had been established several years ago. The officials told us that they periodically checked deliveries and storage shelves to determine if the school districts' purchase requirements were being met. Officials at the other two school districts were not aware of the Buy American requirement, but one had an unwritten policy to buy domestic products and the other had a policy to buy from local and regional suppliers.

School Districts' Purchasing Policies Vary

Officials at the school districts we visited in Kentucky and West Virginia told us that they were aware of the requirement. They did not, however, recall how they learned of the requirement. The purchasing officials at the school district we visited in Ohio were unaware of the Buy American requirement, but the school had an unwritten policy to buy food products domestically produced, if possible. An Indiana school district official told us that he was unaware of the Buy American requirement; however, he did have an unwritten policy to buy food products from local and regional suppliers.

School district officials in the two school districts that knew about the provision told us that before the Buy American provision was enacted their school district had established a requirement in its food purchase bid documents for suppliers to deliver domestic products only, but this only applied to certain items. Specifically:

- The Kentucky school district official has included a requirement in purchase bid documents for about 5 years that specifies "domestic meat products only." The official said that she did not extend the requirement to other food items after the Buy American provision was enacted because she purchased very few foreign products and expected more specific guidance would eventually be provided if the requirement was important. Although she considers the requirement binding on the supplier, she told us that she doubts that she can always determine whether the supplier has met the requirement. In fact, she told us that the suppliers have admitted that they cannot always be certain whether the meat is foreign or domestic.
- The West Virginia school district official we visited has included a requirement in purchase bid solicitation documents for at least 3 years that states that, with certain exceptions, products canned or packed outside the United States will not be accepted. She had obtained an

"Establishment List" of U.S. Inspected Packing Plants that she uses to identify the company and plant locations. She told us that the Establishment Code imprinted on cans helped her to ensure that the food products were domestically manufactured products. The official did not, however, extend the requirement in her bid documents to other foods, such as meat and produce, after the Buy American provision was enacted. She told us that she thought that she was probably in compliance with the law and she did not know about the interim rule.

The officials at these school districts told us they would require suppliers to pick up imported products delivered if they found that deliveries of foreign products had been made when domestic items were available.

School Districts' Steps and Views of Monitoring Differ

Officials in the two school districts that specified domestic purchases in their bid documents—in Kentucky and West Virginia—told us that they periodically inspect product deliveries, cartons, and labels to determine whether their school districts' purchase requirements were being met. They told us that their primary concern, however, was for the quality and safety of the products. The officials at these school districts had required suppliers to pick up imported products, but they did not have records of the pickups readily available for specific discussion and review.

We asked officials at all four school districts how state officials charged with reviewing their operations could determine if the school districts had complied with the Buy American requirement.

- Officials at the four school districts told us that they did not believe there was a reliable method available to determine whether some food products were produced or manufactured in the United States.
- School district officials in Kentucky and West Virginia expressed uncertainty about whether the interim rule was limited to federal funds, and they told us that reviews to determine if the law had been complied with would be difficult because the school districts' financial systems did not provide information on the sources of funds used for purchasing specific items.

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